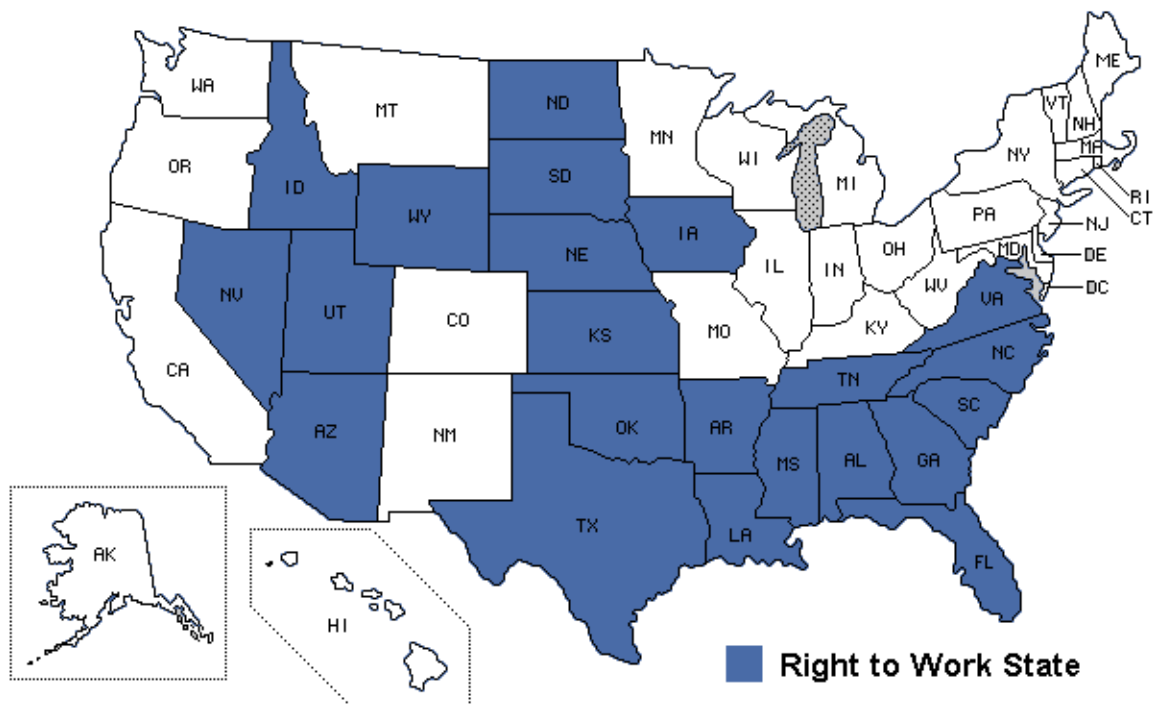


# MISSOURI'S NON-RIGHT-TO-WORK STATUS

Unlike many of its neighbors, Missouri is not a “right-to-work” (RTW) state. A RTW law secures the right of employees to decide for themselves whether or not to join or financially support a union. However, employees who work in the railway or airline industries or on a federal enclave may not be protected by a Right to Work law.

On occasion, companies looking at Missouri as a new corporate location express some concern over this issue. However, more important than the presence or absence of a RTW statute are issues such as labor productivity, work stoppages, labor costs, willingness to work, and other qualities and characteristics of the labor force which affect the employer’s capacity to conduct business.

## *Right-to-Work States*



Source: <http://www.nrtw.org/rtws.htm>, October 17, 2002

A company’s decision to locate in a RTW state does not mean the firm will fail to be the object of union organization attempts. RTW status merely provides an employee the right to work at a facility without being a member of the union after an election has been held and a union has been certified at the facility.

Perhaps one reason for this is that employees in RTW states are willing to approve a union for those who want to have one because approval does not carry the consequence of their own membership. Not being required to join in a RTW state, employees can vote in favor of certification hoping to gain a future advantage through a union contract without the necessity of paying union dues themselves. This lack of employee jeopardy in RTW states increases the likelihood of a union being approved. For the employee in a RTW state, voting for a union is a no-lose situation.

Furthermore, when a company is organized in a RTW state, it will, for all practical purposes, have a fully unionized shop. The company will not discriminate between union and nonunion members in benefits and pay. An advantage a company might derive from being in a RTW state is that if a work stoppage does occur, the firm may be in a position to maintain operations (though probably at reduced efficiency) with its in-place nonunion work force. A disadvantage is that having both unionized and nonunionized employees often splits the work force on labor issues. Such splits can cause labor problems that do not arise in non-RTW (NRTW) states.

#### ***Productivity in 1999***

| <b><i>State</i></b>         | <b><i>Value Added by<br/>Manufactures<br/>(Millions of \$)</i></b> | <b><i>Value Added Per<br/>Production<br/>Worker</i></b> | <b><i>Percent<br/>Difference from<br/>US</i></b> |
|-----------------------------|--|---|--|
| <i>Missouri</i>             | 45,556   | \$168,488   | 3%   |
| <i>Arkansas</i>             | 20,873   | \$110,275   | -33%   |
| <i>Illinois</i>             | 96,829   | \$157,609   | -4%  |
| <i>Iowa</i>                 | 28,434   | \$154,697   | -5%  |
| <i>Kansas</i>               | 22,124   | \$152,079   | -7%  |
| <i>Kentucky</i>             | 40,555   | \$180,717   | 11%  |
| <i>Nebraska</i>             | 11,815   | \$136,150   | -17%   |
| <i>Oklahoma</i>             | 17,995   | \$141,528   | -13%   |
| <i>Tennessee</i>            | 47,602   | \$129,500   | -21%   |
| <b><i>United States</i></b> | <b>1,962,644</b>   | <b>\$163,406</b>  |  |

Source: Statistical Abstract of the United States, 2001.

Missouri's NRTW status does not mean the state's labor force is unproductive. Recently developed data shows Missouri's production workers to be 3% more productive than the US average, based on value added per production worker. Also, the productivity of Missouri's workers ranks behind only Kentucky and ahead of Illinois. (Statistical Abstract of the US, 2001) Thus, the three NRTW states have more productive production workers than the remaining six.

The percent of Missouri's work force that is unionized has shown a large decline in the past several years. In 1983, 36.6% of the manufacturing work force was unionized. By 2000, this figure had dropped to 21.8%. This compares to 14.8% for the nation as a whole. Most of Missouri's unionization is due to the type of industry represented (e.g., automotive assembly) rather than the state's NRTW status. (Statistical Abstract of the US, 2001)

RTW status does not guarantee an employer lower wages. Of the five RTW states which border Missouri, two have a higher average hourly manufacturing wage. The fact that states like Nebraska, Tennessee, and Arkansas, which are RTW states, have lower average manufacturing wages is not necessarily due to their RTW status. A strong case could be made that the average wage levels in these states are a function of each state's economic mix (i.e., lower wage industries) rather than their RTW status.

#### ***Average Manufacturing Wages in 2001***

| <b><i>State</i></b>         | <b><i>RTW Status</i></b> | <b><i>Hourly Manufacturing Wage</i></b> |
|-----------------------------|--------------------------|---|
| <i>Arkansas</i>             | Y                        | \$12.39                                 |
| <i>Tennessee</i>            | Y                        | \$13.37                                 |
| <i>Nebraska</i>             | Y                        | \$13.39                                 |
| <i>Oklahoma</i>             | Y                        | \$12.95                                 |
| <i>Illinois</i>             | N                        | \$14.55                                 |
| <i>Missouri</i>             | N                        | \$14.81                                 |
| <i>Iowa</i>                 | Y                        | \$14.92                                 |
| <i>Kentucky</i>             | N                        | \$15.34                                 |
| <i>Kansas</i>               | Y                        | \$15.30                                 |
| <b><i>United States</i></b> |                          | <b>\$14.15</b>                          |

Source: US Bureau of Labor Statistics, October 17, 2002.